

The

Financial Connection

News You Can Use from the Financial Management Service
A Bureau of the U.S. Department of the Treasury

MARCH 2005
Vol. 14, No. 1

In This Issue

- 3** Direct deposit of benefit payments gets a boost
- 4** ASAP.gov seeks board members
- 5** Treasury Report on Receivables changes



About the new *Financial Connection*

To better serve our customers, *The Financial Connection* is now published monthly rather than quarterly, and comes to you via your e-mail inbox rather than through the mail. Our goal is to share information about Financial Management Service initiatives in a more timely and cost-effective way.

The move to electronic distribution also means we can be flexible about the amount of news we share with you in each issue and allows the *Financial Connection* to be more colorful and eye-catching. Also, we have included hyperlinks that enable readers to go directly to our Web site to get more statistics or learn more about a program.

You will still find facts and figures about our payment and collection programs. We have expanded our coverage to include articles of interest to ACH associations and financial institutions that previously were printed in our *EFT Newsclips* and articles for the advocacy groups that were on the *EFT Exchange* subscriber list.

The *Financial Connection* includes a calendar of upcoming forums and conferences and, where appropriate, short boxes for those looking for quick facts about a program.

If someone forwarded this newsletter to you, please [sign up](#) for your free subscription at <https://fmsapps.treas.gov/subscription/subscription.asp>. You will find [issues archived](#) at www.fms.treas.gov/finconn/.

I hope you will let me or Melanie Rigney, *The Financial Connection's* editor, know what you think of our changes. If there are any specific programs or subjects you would like to see covered in future issues, please let Melanie know. You may reach her at melanie.rigney@fms.treas.gov.

Carolyn Dunston
Publisher

Internet Payment Platform scores with agencies, vendors

By Ted Kowalsky

The three-site pilot of a new disbursement process, the Internet Payment Platform (IPP), was so successful that the **Financial Management Service** hopes to expand IPP to other agencies.

Goals of the pilot, which began in late 2002, were to provide a digital alternative to paper-based purchasing processes; to speed vendor payments while providing enhanced payment data in a central, Internet-accessible repository; and to foster communication and cooperation between agencies, vendors, FMS and the **Federal Reserve Bank (FRB)** of Boston.

Working with the FRB Boston, FMS conducted pilots with the **Bureau of Engraving and Printing (BEP)**, the **Denali Commission** and the **Department of Labor's (DOL)**

Occupational Safety and Health Administration (OSHA).

PAYMENTS

The program was initially scheduled to last a year, but it was so successful that it was extended through last June 30. Customer service calls were reduced, internal approval processes were streamlined and overhead expenses (such as postage and internal routing of mail) were significantly reduced. All data about the purchase order, invoice and payment were available on a secure Web site, around the clock, to all parties involved in the transaction.

The pilot also showed that the federal government is working hard to embrace new Internet-based technologies in a spirit of collaboration. It was a point of immense pride that BEP and FMS as sibling bureaus of the **Department of the Treasury** came together to implement a system of this scale and scope.

BEP Blazes the Way

BEP went live with a bang in March 2003, pushing more than \$1 million in vendor payments the very first day and a grand total of 1,683 individual vendor payments during the pilot.

Vendors said they especially enjoyed receiving notifications when a purchase order was



(From left) Labor Department CFO Samuel Mok and Associate Deputy CFO Greg James are thanked by FMS' Brett Smith for Labor's IPP pilot participation.

IPP Continued on page 2



uploaded and awaiting action or when a payment had been deposited into their bank account. This helped BEP reduce its procurement cycle by about two weeks.

Some vendors even expressed willingness to renegotiate contracts and offer better discount terms in return for receiving payments faster from a system such as IPP.

"It was easily the best payment program of all the government agencies with which [we] have contracts," one vendor said.

The Denali Challenge

The Denali Commission—a state-federal partnership that provides critical utilities, infrastructure, and economic support throughout Alaska—is based in Anchorage and posed greater logistical challenges. Coordination was required between the FRB in Boston, FMS in Washington and in the Kansas City Regional Financial Center (RFC), the IPP hosting site in California, and the

Anchorage team. Still, Denali went live in August 2003, only about two months after the first meeting.

The rollout was also unique in its emphasis on mov-

"It was easily the best payment program of all the government agencies with which we have contracts."

ing vendors from paper checks to EFT. Many Denali vendors have in the past required that Commission payments be made by paper check. However, participation in the IPP gave Denali the leverage to move some vendors over to digital payments.

"The pilot gave us a push to get them to move," says Nancy Merriman, Denali's deputy chief of operations.

Coordination at Labor

The DOL implementation required coordination among representatives at two OSHA offices in Arlington Heights, Ill., and

Cincinnati; the DOL regional finance office (RFO) in Chicago; and DOL headquarters. Additionally, the implementation spanned two functional control areas within the DOL: the Office of the Chief Financial Officer (OCFO)

and the Office of the Assistant Secretary for Administration and Management (OASAM).

The implementation was particularly valuable in facilitating invoice approval. Previously, when an invoice was submitted to an OSHA office, the invoice was stamped, signed, and routed to the RFO for review and approval. If something was incorrect, the document was sent back to the originating office, corrected, and resubmitted. Once verified, the RFO approved the invoice and the information was manually entered for payment.

With IPP, DOL reduced the amount of time and paperwork to process invoices and approval from weeks to hours in some cases. DOL also moved six vendors to electronic funds transfer (EFT) for the pilot.

Numerous DOL vendors indicated that the IPP was particularly valuable in reducing personnel hours required to research invoices and resolve disputes. Prior to the IPP, to find an invoice's status the vendor had to pull the paper invoice, phone the agency, and find the right person to answer the question. This was a time- and labor-intensive process.

As one DOL vendor put it, significant cost savings through the IPP came from "the labor saved in calling for status updates for both the OSHA personnel and contractor personnel [that] could amount to several hours per week on both sides."

Successful Collaboration

The IPP exceeded expectations on all fronts. Vendors received their money faster, customer service calls and overhead expenses were reduced, and paper was eliminated. Most importantly, the pilot showed that diverse federal agencies could work together across multiple functional areas and geographic locations to deploy an enterprise software solution in a time- and cost-effective manner.

Since the pilot's conclusion, the IPP team has been meeting with dozens of agencies interested in participating in the newly inaugurated IPP program.

For more information about IPP, contact Brett Smith at (202) 874-6666 or Ted Kowalsky at (202) 874-2537.

ABOUT THE PILOT

■ **Participants:** Bureau of Engraving and Printing, Denali Commission, Department of Labor

■ **Length:** 15 months

■ **Savings:** \$11 to \$50 per transaction

■ **Amount disbursed:** Nearly \$45 million

The Financial Connection is published monthly by the Financial Management Service, a bureau of the U.S. Department of the Treasury. Our address is FMS, 401 14th Street SW, Room 408B, Washington, DC 20227; phone: (202) 874-6763; e-mail, melanie.rigney@fms.treas.gov. For a [free subscription](#), please go to <https://fmsapps.treas.gov/subscription/subscription.asp>

Publisher: Carolyn Dunston

Editor: Melanie Rigney

Editorial Board: Marilyn Barnes, Karl Boettcher, Norina Carpinteyro, Jennifer Evans, Denise Hammond, Walt Henderson, Shirley Hopkins, Eleanor Kelly, Vivian Lopez, Eva Rhodes, Margie Springer and Denise Wilson

Department of the Treasury
Financial Management Service 

Benefit recipients urged to check out and Go Direct

The U.S. Department of the Treasury, together with the Federal Reserve, is near the end of a six-month pilot marketing campaign to increase direct deposit use among Social Security and Supplemental Security Income (SSI) beneficiaries.

The campaign, called Go Direct (www.godirect.org), focuses on markets selected to represent large metropolitan areas and capital cities within Puerto Rico and three states—Illinois, Tennessee and Texas—with a high number of federal benefit check recipients. The campaign focuses on grassroots outreach to benefit recipients, largely through partnerships with community-based organizations and financial institutions.

Retirees and others who receive direct deposit government payments such as Social Security are significantly less likely to have a problem with their payment than those who get checks. Moreover, many recipients who are still receiving checks are elderly, disabled or low-income individuals who would benefit most from this safer, easier and faster payment alternative.

Unless more people choose direct deposit, the cost will skyrocket in the next few years as the 76 million U.S. baby boomers start hitting retirement age in 2008.

Seeking to address this challenge before the first wave of baby boomer retirements, Treasury commissioned a study, "Understanding the Dependence on Paper Checks," that revealed the reasons behind check recipients' reluctance to adopt direct deposit.

The study, conducted by research and consulting firm Wirthlin Worldwide, uncovered a number of reasons why benefit recipients are reluctant to switch to direct deposit:

- **Emotional ties.** Many check recipients said they prefer a physical check because it provided a welcome ritual that reminded them to pay bills and balance their checkbooks. Check recipients feared that direct deposit would take away their sense of control, whereas getting a check in the mail felt like "cash in hand."

- **Inertia.** Some of those interviewed said they were willing to switch but hadn't done it yet

while others said they had no incentive to change.

- **Information gap.** The research revealed a fundamental lack of understanding about electronic payments. While nearly all respondents said they were familiar with direct deposit, most couldn't accurately explain how it worked.

- **Mechanical gap.** Check recipients were also significantly less likely than direct deposit users to have a bank account or trust the banking system. Of

those surveyed, 27 percent of Social Security and 68 percent of SSI check recipients did not have bank accounts. Yet nearly half of Social Security recipients without bank accounts said they regularly cashed their benefit checks at a bank or credit union.

In general, the check recipients varied widely across geographic regions and racial and economic status. The research showed that nearly a third (31 percent) were at least somewhat inclined to switch to direct deposit, while more than half (53 percent) were somewhat to very resistant.

Those who were more receptive to switching tended to be more com-

fortable with technology and trusting of banks, were younger, more urban, and more likely to belong to a minority group than the neutral or resistant groups.

Go Direct has established a toll-free number for beneficiaries to sign up for direct deposit: 1-800-333-1795 (English) and 1-800-333-1792 (Spanish). Or, visit www.godirect.org or www.DirectoASuCuenta.org.

Fast Fact

Unless more people choose direct deposit, the cost of issuing government benefits will skyrocket in the next few years as the 76 million U.S. baby boomers start hitting retirement age in 2008.

BENEFIT PAYMENTS



FMS Commissioner Richard Gregg encourages participation in the Go Direct effort.

Wanted: ASAP board members

By Margie Springer

The ASAP Customer Board (ACB) provides input and feedback to the **Financial Management Service** concerning user issues and enhancements to the Automated Standard Application for Payments (ASAP.gov). ASAP allows grantee organizations receiving federal funds to draw from accounts pre-authorized

PAYMENTS

by federal agencies and make payments to financial agents that are performing financial services for FMS and other federal agencies.

Board members actively provide feedback on the redesign efforts of the current ASAP system, represent the board at user group meetings, communicate with user peers and participate in testing for future ASAP.gov releases. Board meetings are usually held quarterly, with two of the meetings conducted via conference calls. The board member's agency or employer must approve the member's involve-

ment and agree to pay out-of-town meeting travel costs.

The board has vacancies for representation from these user groups: state, university, Indian tribal organization, nonprofit, for profit and other.

If your organization is interested in providing a representative to serve on this board, or if you have any questions, please contact Christine Ricci at (202) 874-6584 or by e-mail at Christine.Ricci@fms.treas.gov or mail your nominations to: FMS, Liberty Center; Room

312B; 401 14th Street SW; Washington, DC 20227.



From l.: Art LeBlanc of USDA's Food and Nutrition Service and the 2005 ASAP Customer Board chair; Linda Holiman, National Older Worker Career Center; Lisa Thompson, University of Tulsa; Jennifer Criss, Bureau of the Public Debt; Steve Allison, Idaho State Controller's Office, Anita Easterday, National Institute for Standards and Technology; and Jerry Scribner, Oklahoma State Treasurer's Office. Not pictured: Maria Vargas-Capriles, University of Puerto Rico; Dee Ann Haworth, Choctaw Nation of Oklahoma and 2005 Customer Board vice chair; and Rick Noll, National Science Foundation.



Intergovernmental Programs Director Elizabeth Oldenburg (r.) thanks Lisa Thompson, 2004 ASAP Customer Board chair, for her service.

Getting a Tax Refund?

First, use



Then, choose

DIRECT DEPOSIT
Simple. Safe. Secure.

Treasury Report on Receivables: updates and enhancements ahead

By Tom Kobiulus

The Treasury Report on Receivables (TROR), which tracks the status of governmentwide non-tax receivables and the collection efforts against delinquent debts, is being updated and enhanced.

In its 24-year history, the TROR has had five major revisions.

In the fourth quarter of fiscal year 2004, the TROR was updated to collect additional information on closed-out debts. In addition, a pilot group was formed to improve the TROR.

Last April, the **Office of Management and Budget** (OMB) issued a memorandum to federal chief financial officers establishing new reporting requirements pursuant to the Debt Collection Improvement Act of 1996 (DCIA) on debt disposition. This memorandum is based on guidance in OMB Circular No. A-129, *Policies for Federal Credit Programs and Non-Tax Receivables*.

As a result of this guidance, Debt Management Services (DMS) revised the TROR for the fourth-quarter FY2004 reporting of

currently not collectible (CNC) debts. The new information that will be required from the federal agencies will provide FMS with additional data on the write-off and close-out of delinquent debts that have been identified as not collectible.

Representatives from FMS and 16 agencies who work on the TROR began meeting in July to discuss revisions. Tom Kobiulus, the TROR lead, headed up the effort. The group's mission is to develop revisions to the TROR to make it easier for the agencies to report on the status of the federal government's debt collection efforts. The group, which concluded its meetings in December, has as its philosophy making the report better, not overhauling or scrapping it.

DMS will have the revised report implemented for agency use in FY 2006.

For more information, contact Tom Kobiulus at (202) 874-7359. More information about the change to the report and the [TROR Pilot Group](http://fms.treas.gov/debt/dmrpts.html) is available at fms.treas.gov/debt/dmrpts.html.

DEBT COLLECTION

UPCOMING EVENTS

For more information about FMS events, please see www.fms.treas.gov/calendar.html.

March 8: Automated Standard Application for Payments (ASAP) State User Group meeting, Charleston, W.Va.

March 10: Joint Financial Management Improvement Program's Annual Financial Management Conference, Washington, D.C.

March 22-23: Debt Collection 101 Workshop, Raleigh, N.C.

March 24: Treasury Report on Receivables (TROR) Workshop, Raleigh, N.C.

March 30-31: Agency Forum, Emeryville, Calif.

April 13: Automated Standard Application for Payments (ASAP) Federal Program Agency User Group Meeting, San Antonio, Texas.

April 14: ASAP Customer Board meeting, San Antonio, Texas.

